



Support to the anti-corruption strategy of Azerbaijan (AZPAC)

COE PROJECT NO. 2007/DGI/VC/951

1ST NARRATIVE PERFORMANCE REPORT

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Support to the Anti-corruption Strategy of Azerbaijan (AZPAC)

A project supported by USAID and implemented by Council of Europe in cooperation with the Commission on Combating Corruption of Azerbaijan

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1. BACKGROUND INFORMATION

AZPAC - “Support to the Anti-corruption Strategy of Azerbaijan” – started on 30 September 2007. The present report provides a comprehensive overview over the project activities that took place during the first reporting period from 30 September 2007 to 31 March 2008 as agreed through the Cooperative Agreement between the Council of Europe and the United States Agency for International Development.

Beneficiary Country and Institution(s)

The beneficiary country is Azerbaijan.

The main beneficiary of the project on the Azerbaijani side is:

- the State Commission on Combating Corruption (CCC).

Other project partners include:

- the Ministry of Justice (Output 2)
- the Ministry of Tax (Outputs 3 and 4)
- the National Bank (Output 3) and
- the Civil Service Commission (Output 4)

Indirect beneficiaries and counterparts also include:

- the General Prosecutor’s Office; and
- the Ministry of Interior.

Contracting Authority

The United States Agency for International Development (USAID).

Implementing Organisation

The Council of Europe is responsible for the implementation of the project and the use of the project funds under the Cooperative Agreement No 112-A-00-00001-00 with the United States Agency for International Development (USAID). Within the General Secretariat of the Council of Europe in Strasbourg, the Economic Crime Division (Technical Co-operation Department, Directorate General of Human Rights and Legal Affairs) is responsible for overall management and supervision of the project.

A Local Project Team, composed of a Local Project Officer (LPO) and a Long-Term Advisor (LTA) based in the premises of the Prosecutors Training Centre in Baku (where the project offices are), is supporting the implementation of the project.

Project Objective

The overall objective of AZPAC is to contribute to democracy and the rule of law through the prevention and control of corruption in Azerbaijan in accordance with European and other international standards, and GRECO and MONEYVAL recommendations.

Funding and Support to the Project

The USAID financial support to this project as contracted amounts up to 800.000 USD.

The Council of Europe financial support is comprised as following:

- Human resource: managerial and overall supervision of the project in addition to staff foreseen in the project budget; and
- Funding from the General Budget of the Council of Europe for activities foreseen to cover law enforcement and criminal law related reforms as indicated in the workplan BO/CoE.

The government of Azerbaijan has put at the disposal of the Council of Europe free of charge Project Offices including here, project team offices, conference room, training room, and furniture. In addition, the Government of Azerbaijan has committed to financially fund the activity related to Surveys as foreseen in the Workplan.

2. THE PROJECT

Country Situation

In recent years, the government of Azerbaijan undertook a number of important steps in the fight against corruption. The country ratified the Council of Europe's Criminal and Civil Law Conventions against Corruption in 2004, and joined the Council's Group of States against Corruption (GRECO) in June 2004; the United Nations Convention against Corruption (UNCAC) was signed in 2004 and ratified in 2005. In 2004, a State Programme on Combating Corruption was adopted, covering broad directions for measures to be undertaken on legislative and institutional reform for the period of 2004-2006. The 2006 GRECO evaluation report commended the steps undertaken with regard to the introduction of a new Anti-corruption Strategy and Action Plans, and amendments to existing legislation. At the same time, the report contains a range of recommendations aimed at improving the national anti-corruption legal and institutional framework. Furthermore, a new Anti-corruption Strategy for the period from 2007 to 2011 was adopted by Presidential Decree on 27 July 2007. Prior to its adoption, the Council of Europe supported the drafting of this important document by providing a comprehensive assessment report and through the organization of the Round Table Discussion.

Despite these steps, corruption remains a serious concern for the people of Azerbaijan. Transparency International's annual Corruption Perceptions Index (CPI) indicates a modest, yet consistent, up-wards trend: in 2003, Azerbaijan's score was at 1.8, in 2004 at 1.9, in 2005 at 2.2, in 2006 at 2.4 and in 2007¹ at 2.1. However, the 2007 Freedom House Report, assessing Azerbaijan and 30 other 'Nations in Transit' against a range of governance benchmarks, put the country's index on corruption at an unchanged, since 2003, score of 6.25 on a scale of 1 – 7 (where 7 is the lowest possible score²).

The Law on Combating Corruption was adopted in January 2004. The Law provides a definition of corruption and establishes corruption-related offences for public officials and defines the liability for such offences. It establishes the obligation for officials to declare their assets and incomes, and makes provisions allowing for the confiscation of the proceeds of corruption. A presidential decree of March 2004, On the Implementation of the Law on

¹ Transparency International's Corruption Perceptions Index (CPI) assesses perceptions of corruption on a scale from 0 to 10, where 10 marks the highest possible score; a score below 3.0 indicates that corruption is endemic. For the various CPI's and a background of the methodology used, see http://www.transparency.org/policy_research/surveys_indices/cpi.

² The full report providing the background to the scores can be found at <http://www.freedomhouse.org/template.cfm?page=47&nit=390&year=2006>.

Combating Corruption, provided for the statute of the State Commission on Combating Corruption, as well as for amendments that would harmonize existing legislation with the Law on Combating Corruption.

Laws such as the Law on Approval of Procedures for Submission of Financial Information by Public Officials; the Law on the Right to Obtain Information; the Law on Administrative Proceedings; the Judicial Legal Council Act; and amendments to the 1997 Courts and Judges Act entered into force in 2005.

A number of partial changes were made to the Criminal Code and Criminal Procedure Code, where the following new provisions/offences were introduced: the offence of money laundering; confiscation of proceeds of crime; trading in influence; privileges and benefits, as well as bribery through intermediaries.

Following a request made in September 2005, Council of Europe experts were asked to produce an opinion on the Criminal Code, assessing its compatibility with the European Convention on Human Rights and the European Court for Human Rights' (ECHR) case law, as well as with existing standards in the criminal field. In December 2005, the Secretary General of the Council of Europe forwarded the experts' comments to the authorities of Azerbaijan for consideration.

In June 2006, a Working Group was set up, chaired by the President of the Supreme Court and composed of representatives of the Ministry of Justice, Ministry of Interior, Prosecutor's Office, Supreme Court, lawyers and academics of the Baku State University. This Working Group studied the experts' comments on the Criminal Code, made recommendations aiming at improving the Code and proposed concrete amendments to it. As a result, in March 2007, the translated versions of the amendments prepared were sent to the Council of Europe, with view to their being discussed at a follow-up expert meeting.

The following pieces of legislation have reviews by the Council of Europe as draft laws that were to be presented during the parliamentary discussions in summer 2007: Draft Law on Conflict of Interest; Draft Law on Responsibility of Legal Persons for Corruption Offences; Draft Law against Money Laundering and Counter-Financing of Terrorism and the Draft Law on Rules of Ethics and Conduct of Civil Servants. While the last one has been adopted in June 2007, the rest of these draft laws were expected to be passed by Parliament in early 2008. A number of other laws advanced to the next stage in the legislative process, such as Code on Competition and the Administrative Procedures Code passed in the 2nd reading in the Parliament while the Law on Education passed in the 1st reading. The Draft Law against Money Laundering and Counter-Financing of Terrorism commented by US DOJ and Council of Europe experts in December 2006 and then in March/April 2007, has been in so far the most concerning issues especially in view of the Council of Europe's MONEYVAL non-compliance procedures. Nevertheless it is expected that this draft law be passed by Parliament during spring 2008, and prior to the next plenary session of MONEYVAL which shall be reviewing its previous key findings.

While the overall legal framework of Azerbaijan has broadly been brought into line with international standards and instruments, the prime challenge is now that certain laws still need to be passed by parliament, and be followed by an effective and efficient implementation through benchmarking

Project Objective

AZPAC aims at strengthening national capacities in support of the implementation of Azerbaijan's Anti-corruption Strategy and Action Plan, in compliance with European and international standards. In order to achieve this objective, the project works in four complementary directions:

- Enhancing the capacities of the anti-corruption body (State Commission on Combating Corruption) to monitor and implement the Anti-corruption Strategy and Action Plan and bringing the strategic anti-corruption legal framework in line and compliance with European standards;
- Improving and elaborating domestic legislation with relevance to international standards in the fight against corruption and efficient implementation of the relevant legislative framework;
- Improving and strengthening domestic capacities in the field of fighting money laundering and financing terrorism; and
- Introducing micro-system studies and integrity tests as tools to enhance the capacities for the prevention of corruption.

Expected Results and Methodology

The results of the project are expected to be the following:

1. A new anti-corruption strategy and action plan elaborated with an emphasis on monitoring and implementation and medium-term preventive reforms so that they reflect and include policy actions to implement all GRECO recommendations made in the report of the Second Round of Evaluation;
2. Relevant draft legislation and regulations elaborated and submitted to Parliament;
3. Institutional capacities, with respect to reporting and cooperation at the national and international levels improved within the Anti-money laundering (AML) system, in light of European and international standards and CoE Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) recommendations.
4. Specific corruption-prevention measures improved;

These objectives will be achieved through close co-operation with all relevant stakeholders, the identification of international and national experts, through organisation of tailored activities such as round-tables, workshops and study visits for practitioners; preparation and finalisation of feasibility studies and surveys, conducting of the micro-system studies and through institutionalizing efficient management of ethics provisions and conflict of interests in public service; and harmonising legal texts in accordance with the Council of Europe's Conventions on Corruption and the United Nations' Convention against Corruption (UNCAC).

Summary of Project Outputs

Overall objective	To contribute to democracy and the rule of law through the prevention and control of corruption in Azerbaijan in accordance with European and other international standards , and GRECO and MONEYVAL recommendations
Project objective	To enhance the implementation of GRECO and MONEYVAL recommendations and compliance with European and international anti-corruption standards

Output 1	Strategic anti-corruption framework improved in line with GRECO recommendations and good practices
Activity 1.1	Introduction of the new Anti-corruption Strategy and its Action Plan
Activity 1.2	Support the State Commission on Combating Corruption (CCC) during GRECO evaluation and compliance reporting
Activity 1.3	Assist the relevant government authorities and institutions on implementing the relevant measures against corruption within the new Anti-corruption Action Plan
Activity 1.4	Develop a template system of guidelines on reporting and monitoring tools for the Commission/Cabinet of Ministers vis-à-vis all relevant institutions
Activity 1.5	Support by advice and share of practice with the AC Commission on drafting and conducting Surveys on AC perception and attitudes. (Law enforcement and general attitude of public surveys).
Activity 1.6	Provision of equipment to the CCC and its legislative Working Group.
Output 2	Draft laws/amendments to improve domestic legislation elaborated in cooperation with relevant partner institutions and benchmarking against international standards in fighting against corruption and efficient implementation of the relevant legislative framework
Activity 2.1	Training on Treaty Law implementation at the domestic level with reference to all relevant anti-corruption conventions and instruments
Activity 2.2	Advice and/or RTD in support the elaboration of draft laws
Activity 2.3	Review of national legislation on its compliance with the provisions of the CoE Civil Law and Criminal Law Conventions on Corruption and UNCAC
Activity 2.4	Elaboration of a 'compliance matrix' for the domestic legislation and institutional set-up in line with the relevant international legal instruments
Activity 2.5	Elaboration of legislative guidelines and recommendations issued by the 3rd Round GRECO Evaluation Report
Output 3	Establishment of a network and system to prevent the use of the financial system for money laundering and terrorism financing purposes and enable the authorities of Azerbaijan to cooperate nationally and internationally in fighting money laundering and terrorism financing in accordance with European and international standards
Activity 3.1	In-country multidisciplinary training course(s) for financial intelligence officers, and other relevant cooperating agencies' adjudication of cases of economic crime and in particular of corruption and money laundering
Activity 3.2	In country multi-disciplinary training course(s) on the use of special investigative means (SIMs) for all relevant agencies (including national bank officers, members of the new upcoming FIU, auditors and tax officials) in light of European standards and ECHR case-law when combating economic crime, reporting on corruption, suspicious financial transactions and inter-agency cooperation.
Activity 3.3	Training for Judges related to economic crime (corruption and money laundering)
Activity 3.4	Support to establishment of FIU through delivery of relevant material (standards and best practices) in Azerbaijan language
Activity 3.5	Support to organisational set-up of the new FIU by providing guidelines and tools on the organigramme, job descriptions, Manual of Operations, Rules of Procedure, and elaboration of a training strategy for all FIU officers

Activity 3.6	Study visit(s) for new FIU staff responsible for international cooperation to 2 other FIUs of European countries to promote the initiation of operational Memoranda of Understanding.
Output 4	Enhancement of capacities for the prevention of corruption through micro-system studies and through institutionalizing efficient management of ethics' provisions and conflict of interest in public service
Activity 4.1	Conduction of 3 repeat micro-system studies in order to identify corruption-prone areas, and recommend measures for systemic improvement aimed at preventing corruption and increasing application of efficient rules on ethics and streamlining procedures
Activity 4.2	Introduce Integrity Test to contribute to strengthening of capacities for the prevention of corruption within the Ministry of Taxes
Activity 4.3	Contribute to the continuing legal Education for Judiciary on prevention of corruption within the Judiciary through introduction/training on the concept of Integrity Tests in the judiciary as one of the best practices
Activity 4.4	Support the elaboration and implementation of a national strategy (and action plan) with respect to training on ethics and conflict of interests for the civil service commission
Activity 4.5	Provision of pilot trainings and methodology with relevance to Ethics, Appraisal and Performance Assessment
Activity 4.6	Elaboration of guidelines for reporting corruption and protection of whistleblowers within the civil service administration

Nature of Inputs during the reported period

The following types of activities are foreseen to achieve the project's objective:

Expert advice - provided by the Long-Term Advisor within his/her competence/experience or, as necessary, by Short-Term Advisors selected according to their specific field of competence, through direct conversation with individual officials or groups of officials on the issues specified in the Workplan and wherever necessary.

Written expert opinions - will be provided in writing, as necessary, to comment on the pieces of legislation or their drafts or other documents, by independent experts from the Council of Europe Member States, via the CoE Secretariat.

Roundtables and seminars - allowing stakeholders/professional groups and individuals to look at ways in which their own policies can be reformed. They will also be used to contribute specialist knowledge to a broader debate on a given issue.

Workshops - allow a particular task to be undertaken involving multiple co-operating parties. Experts put their knowledge at the disposal of practitioners and officials. Workshops can also be used to provide specific advanced training.

Training courses – allow participants to acquire new knowledge and/or professional skills through interaction with a qualified trainer.

Research and translations - make important texts and information accessible in local languages and can be used as a tool in training activities and seminars.

3. OVERALL ACHIEVEMENTS

Overview of Activities

The following activities were carried out during the reporting period of the project:

Output	Description of activity	Status	Date and Place	Comments
Output 1				
Preparatory activities	In-country Mission to Introduce and Discuss the Project	completed	19 - 22 November 2007, Baku	The Project Manager and the Head of the Corruption and Fraud unit met each relevant project partner and agreed the draft Project's Workplan with the CCC and USAID.
	Set-up of the Project team	completed	December 2007 - February 2008, Baku	The Local Project Officer was selected in November 2007, while the Long-Term Advisor was recruited in January 2008.
	Start-up Conference and Adoption of the Project's Workplan	completed	10 December 2007	The Start-up conference was successfully organized, the Project's Workplan was adopted and the MoU was signed.
Activity 1.1/A	1 st Awareness raising Seminar to introduce Anti-corruption Strategy and Action Plan	completed	21 February 2008, Baku	The event was attended by around 80 officials, NGO representatives and journalists. The discussion was of a very high quality.
Activity 1.1/B	2 nd Awareness raising Seminar to introduce Anti-corruption Strategy and Action Plan	completed	17 March, 2008 Sheki	The event was attended by around 50 officials, NGO representatives and journalists. This was the first time any anti-corruption event bringing together officials and NGO representatives ever took place in Sheki. The event enabled the identification of several officials (e.g. tax) who may be potential participants in the micro-systems element

				of the AZPAC project.
Activity 1.1/C	3 rd Awareness raising Seminar to introduce Anti-corruption Strategy and Action Plan	completed	18 March, 2008 Ganja	The event was attended by around 50 officials, NGO representatives and journalists. This was the first time any anti-corruption event bringing together officials and NGO representatives ever took place in Ganja. The discussion was frank and lively.
Activity 1.4	Develop a template System of Guidelines on Reporting and Monitoring tools from the Commission on Combating Corruption vis-à-vis Relevant Institutions	completed	14 March 2008, Baku	As of May 7 th the draft guidelines and template had been received positively by the Legislative Working Group of the CCC.
Output 4				
Activity 4.4/A	Workshop to support the elaboration and implementation of Anti-corruption Strategy with respect to training of ethics and conflict of interest for the Civil Service Commission	completed	31 January 2008, Baku	The event was a success with high participation from Civil Service Commission and senior ministry officials. Agreement on basic approach to implementing and providing training on ethics and conflict of interest rules.
Activity 4.4/B	Technical Paper on proposed National Strategy and Action Plan for Training of Civil Servants on Ethics and Conflict of Interest	completed	20 February 2008	The paper was submitted to the Civil Service Commission, which agreed with it.
Activity 4.5/A	Technical Paper on the Draft Regulations for Evaluating the	completed	March 2008, Baku	The paper was submitted to the Civil Service Commission.

	Performance of Civil Servants			
Activity 4.5/B	Provision of pilot trainings and methodology with relevance to the Ethics, Appraisal and Performance Assessment	underway	March – May 2008, Baku	Two trainings have been provided by Long-Term Adviser, and by Latvian and German experts. An additional training may be provided on performance assessment in September or October.

4. ACTIVITIES IMPLEMENTED DURING THE REPORTING PERIOD

Inception phase

4.1.1. In-country Mission to Introduce and Discuss the Project

On 19 to 22 November 2007, the Project Management Unit (PMU) conducted a four-day mission to Baku aimed at:

- discussing the project outputs and activities with the relevant counterparts,
- drafting of the project Workplan,
- selecting the Local Project Officer and,
- visiting of project office premises.

The meetings with the stakeholders about the project outputs and activities enabled the PMU to gather their views on possible project activities, taking into account specific needs of each institution concerned. The inputs provided by the main counterpart - the State Commission on Combating Corruption, but also by Anti-corruption Department of the Prosecutor-General's Office, the Civil Service Commission, the Ministry of Taxes, the National Bank, and the Ministry of Justice representatives were solicited and taken into account and incorporated in the Project Workplan that was subsequently completed by the PMU and the representative of the main counterpart (*Workplan in Annex I*).

Also, the mission was an opportunity to meet with the donor of the project (USAID) and to discuss the Start-up Conference, issues regarding narrative and financial reporting as well as the branding of the project in accordance with the Cooperative Agreement signed between the CoE and USAID.

4.1.2. Set-up of the Project Team

The project team both based in Strasbourg and Baku will be composed of 4 members.

In Strasbourg, a Project Manager was nominated within the Anti-corruption and Fraud Unit in order to start the implementation and delivery of the project's objectives. The Project Manager, Mr Lado Lalicic, will be dealing with every day management of project activities under the supervision of the Head of Unit, Ms Ardita Abdiu.

In Baku, the setting-up of the Project Implementation Unit (PIU) is completed. Mr Azer Mammadov was selected for the position of AZPAC Local Project Officer (LPO). The Economic Crime Division underwent a selection procedure for the position of Long-Term

Advisor and offered a contract to Mr Carlos Guerrero. However, Mr Guerrero negatively responded to the proposal and eventually did not accept the offered position. Therefore, upon receiving the approval by the project donor (USAID) and the main counterpart (the State Commission on Combating Corruption) the Project Team appointed Mr Quentin Reed as Long-Term Advisor for period February – May 2008.

The PIU will be located in the premises of the Prosecutor's Training Center. In accordance with the project document and a recently signed MoU, the office space for the project has been offered by the authorities of Azerbaijan. The office space offered at the Prosecutors' Training Centre completely satisfies the needs of the CoE local team, it also provides the infrastructure to implement certain project activities (conference room and other facilities in the building).

4.1.3 Organization of the Start-up Conference and Adoption of the Project's Workplan

Following the consultations and preparatory meetings with the counterparts and the donor, the project's launching conference was organized on 10 December 2007 at the Hyatt Regency Hotel in Baku. The AZPAC Project Start-up Conference brought together high-level representatives of the executive, judicial and legislative authorities of the Republic of Azerbaijan, representatives of the civil society and media, international organizations and embassies in order to present the Project's objectives, outputs and its Workplan. A strong commitment demonstrated by the high-level authorities (i.e. Presidential cabinet) and the main counterpart – the Azerbaijan State Commission on Combating Corruption, was noticed and is expected to positively influence and politically support the implementation of the activities as foreseen in the project Workplan.

The conference was opened by Mr Ramiz Mehdiyev, Head of the Administration of the Republic of Azerbaijan and Chair of the State Commission on Combating Corruption. Mr Mehdiyev emphasized the strong commitment of the Azerbaijani authorities in continuing the efforts in combating corruption in line with CoE standards. Also, a short overview of Azerbaijan - CoE cooperation was presented. Furthermore, Mr Mehdiyev expressed his expectation that AZPAC should be a strong tool to support the implementation and monitoring of the newly adopted 2007 – 2011 National Strategy on Increasing Transparency and Against Corruption. Mr Scott Taylor, USAID Azerbaijan Country Coordinator, and Mr Giovanni Palmieri, Head of Technical Co-operation Department of the Council of Europe, also addressed the participants at the opening.

A Memorandum of Understanding was signed between the Head of Presidential Administration of the Republic of Azerbaijan and Chair of the State Commission on Combating Corruption, Mr Ramiz Mehdiyev, and the Director of the Technical Cooperation Department of the CoE, Mr Giovanni Palmieri in presence of USAID Country Coordinator Mr Scott Taylor on the commitment for the implementation of the AZPAC Project..

The conference was concluded with the adoption of the project Workplan which was further presented and elaborated by the representative of the main beneficiary institution.

Activities carried out in period 1 January 2008 – 31 March 2008

4.1.3. Workshop on Drafting and Assessment of Training Needs and Modalities for the Civil Service Commission (Baku, 31 January 2008)

The Workshop on Drafting and Assessment of Training Needs and Modalities for the Civil Service Commission brought together 80 representatives of all relevant Government agencies

dealing with human resources to discuss and exchange views on current training needs on conflict of interest and ethics. The workshop was opened by the Civil Service Commission chairman and was followed by the fruitful discussion and presentation of the Council of Europe expert on international standards and practice, public awareness and mechanisms for monitoring enforcement of ethical conduct rules in government agencies. It was agreed that the AZPAC Project Long-Term Advisor, after receiving necessary inputs from the Civil Service Commission, would prepare the comprehensive Action Plan on three trainings for the civil servants to be delivered during the period February – May 2008.

Activity 1.1 – Awareness raising seminars to introduce the new Anti-corruption Strategy and its Action Plan (Baku 21 February 2008, Sheki 17 March 2008, Ganja 18 March 2008)

The AZPAC project includes the holding of five events, one in Baku and four in regional cities, to raise awareness of the Government's Anti-corruption Strategy and Action Plan and the project. The events also include presentations by NGO representatives on the role of civil society in implementing the National Strategy and fighting corruption in general. The first event was held in Baku on 21 February 2008 and was attended by approximately 80 government officials, NGO representatives and media. The second event was held on 17 March 2008 in the regional town of Sheki, followed by the event in Ganja on 18 March; both of these events were attended by around 50 people.

The main outputs of the events were the following:

- They facilitated discussion between the participants of corruption and anti-corruption policy in Azerbaijan. In Baku in particular, there were a number of interventions from NGO representatives describing the corruption situation in Azerbaijan in very frank terms. In Sheki and Ganja local participants stated that this was the first time ever that local government officials and civil society representatives had sat together to discuss the corruption and anti-corruption policy.
- There was a significant media presence at all the events, and the Long-Term Advisor was interviewed by ANS TV in Sheki and a local news agency in Ganja.
- At the events in Sheki and Ganja several local officials were identified who might be useful contacts or participants in micro-system studies planned as part of AZPAC – for example from the local tax, real estate registration and education authorities.

Activity 1.4 – Development of a Template System of Guidelines on tools for reporting and monitoring implementation of Action Plan measures (Baku, 14 March 2008)

On 14 March 2008 the Long-Term Advisor to the AZPAC project submitted a proposed set of “Proposed guidelines and templates for reporting and monitoring of implementation of the National Anti-corruption Strategy of the Republic of Azerbaijan” (Annex 3) to the Secretariat of the Commission on Combating Corruption. The rationale for the guidelines was that while the government has a clear Anti-corruption Strategy and Action Plan, it lacks the following in particular.

- The framework does not establish clearly the precise format according to which agencies must report on the implementation of their tasks.
- There is no binding format according to which agencies must formulate their own anti-corruption action plans.
- The Commission is not equipped with a template for reporting on how agencies have implemented their tasks under the Action Plan.

The proposed guidelines attempt to fill these gaps by providing templates for agency action plans, a template for reporting by agencies on their implementation of action plan measures, and a template for reporting by the Commission on Combating Corruption on implementation of the national Action Plan. The guidelines recommend the compulsory publication on the internet of all stages of reporting, to facilitate monitoring of anti-corruption policy by non-governmental actors. The Commission is expected to provide comments on the proposed guidelines and templates by 28 April 2008 prior to their approval.

Activity 4.4 – Workshop to support the elaboration and implementation of a national strategy and action plan for training on ethics and conflict of interest for the Civil Service Commission (Baku, 31 January 2008)

A key component of the AZPAC project is assistance to the Civil Service Commission in the elaboration and implementation of a national strategy for training on ethics and conflict of interest. While the elaboration of such a strategy is complicated somewhat by the fact that the draft conflict of interest law has not yet been passed, the Law on Rules of Ethical Conduct was passed in June 2007. The implementation of this activity has therefore gone ahead as planned, on the assumption that the training strategy for implementation of the Rules of Ethical Conduct can also be applied to the implementation of conflict of interest provisions once these become law.

In February 2008 and in close consultation with the Civil Service Commission, the Long-Term Advisor drafted a proposed National Strategy and Action Plan for Training of Civil Servants on Ethics and Conflict of Interest (Annex 4), which was submitted to the Civil Service Commission on 20 February 2008. The Civil Service Commission agree with the proposed strategy as the approach to be followed in developing training on these issues.

Provision of pilot trainings and methodology with relevance to Ethics and Performance Appraisal (Baku, 12 March 2008)

On the basis of the national training strategy and action plan, three pilot trainings on implementation of the ethics rules are envisaged as part of the AZPAC projects. The trainings are also to cover the issue of civil servant performance evaluation, which is required by amendments to the Civil Service Law which came into effect in 2007. In February 2008 the Civil Service Commission provided the AZPAC Long-Term Advisor with a set of draft Regulations for Evaluating the Performance of Civil Servants. On 12 March 2008 the Long-Term Advisor provided the Commission with a brief set of comments on the draft regulations (Annex 5), as a precursor to training.

Regarding the pilot trainings, four trainings in total are now envisaged, as an initial introductory training was scheduled to be provided by the Long-Term Advisor at no extra cost to the project – enabling three more international experts to be invited to provide training.

5. PLANNED ACTIVITIES FOR PERIOD APRIL - SEPTEMBER 2008

Output	Description of activity	Status	Date
Output 1			
Activity 1.1	Awareness raising seminar in Yevlakh	Completed	10 April 2008
	Awareness raising seminar in Lankaran	In	14 May 2008

		preparation	
Activity 1.3	Selection of areas in which to assist government authorities and institutions in implementing measures in Action Plan	On-going	April-June 2008
Activity 1.4	Approval by Commission on Combating Corruption (CCC) of proposed guidelines and templates for formulation of agency anti-corruption action plans, reporting by agencies on implementation of agency action plans, reporting and monitoring by the CCC on implementation of the national and agency action plans, and publication of all reports to facilitate independent monitoring.	On-going	April 2008
Activity 1.5	Conduct of seminar on provision of terms of reference to CCC on types and modalities of surveys of public perceptions, attitudes and/or experience	In preparation	June or July 2008
Activity 1.6	Assessment of equipment needs of CCC and its legislative working group prior to provision of equipment	On-going	April 2008
Output 2			
Activity 2.2	Selection of areas in which to provide advice and/or RTD's on the elaboration of draft laws	On-going	April-May 2008
Activity 2.3	Selection of experts to review compliance of national legislation with provisions of CoE and UN anti-corruption conventions	On-going	April-May 2008
Output 3 - Note: some of the activities (3,4, 3.5 and 3.6) foreseen under Output 3 will take place after the adoption of the Anti-money Laundering legislation			
Activity 3.1	Two in-country multidisciplinary training course(s) for financial intelligence officers, and other relevant cooperating agencies' adjudication of cases of economic crime and in particular of corruption and money laundering	Planned	May 2008
Activity 3.2	Two in-country multi-disciplinary training course(s) on the use of special investigative means (SIMs) for all relevant agencies (including national bank officers, members of the new upcoming FIU, auditors and tax officials) in light of European standards and ECHR case-law when combating economic crime, reporting on corruption, suspicious financial	Planned	May 2008

	transactions and inter-agency cooperation		
Output 4			
Activity 4.1	Selection of institutions on which to conduct micro-system studies	On-going	28 April 2008
Activity 4.5	Provision of pilot training on implementation of ethics rules to Civil Service Commission and agency human resources officials	Completed	11 April 2008
	Provision of pilot training on implementation of ethics rules to Civil Service Commission and agency human resources officials	Completed	15-16 April
	Provision of pilot training to Civil Service Commission and agency human resources officials on implementation of ethics rules and civil servant performance evaluation	Prepared	7-8 May
	Pilot training on performance evaluation for the Civil Service Commission	Planned	September/October 2008

6. CONCLUSIONS

The Council of Europe has been implementing the following project activities according to or ahead of the Workplan schedule:

- Introduction of the new Anti-corruption Strategy and its Action Plan.
- Developing a template system of guidelines on reporting and monitoring tools for the Commission on Combating Corruption/Cabinet of Ministers.
- Supporting the elaboration and implementation of a national strategy and action plan for training on ethics and conflict of interest for the Civil Service Commission.
- Provision of pilot trainings and methodology with relevance to ethics and performance assessment.

The commencement of Output 3 of the Project – the establishment of a network and system to prevent the use of the financial system for money laundering and terrorism financing – has been delayed due to the fact that the law to prevent money laundering has not yet been passed. The Council of Europe remains ready to proceed with implementation of Output 3 as soon as such a law is passed.

Cooperation and communication between the AZPAC team and its counterparts – in the reporting period the Commission on Combating Corruption and Civil Service Commission – has been excellent. The Workplan has been adhered to (with the exception described above) and in the area of ethics training (Output 4.5) implemented ahead of schedule. Preparation of further project activities is currently continuing with no problems, although full implementation of the project depends upon the passage of the anti-money laundering law and the draft conflict of interest law, and also upon the full development of individual anti-corruption action plans by state bodies.

7. ANNEXES

Annex 1: AZPAC Workplan of Activities

Annex 2: AZPAC up-dated Calendar of Activities

Annex 3: Technical Paper on tools for reporting and implementation of anti-corruption measures in line with the new Anti-corruption Action Plan

Annex 4: Technical Paper on Proposed National Strategy for Training on Ethics and Conflict of Interest for civil servants of the Republic of Azerbaijan

Annex 5: Technical Paper on the Draft Regulations for Evaluating the Performance of Civil Servants, drafted by the Civil Service Commission of the Republic of Azerbaijan

Support to the Anti-corruption Strategy of Azerbaijan (AZPAC)

A project supported by USAID and implemented by Council of Europe in cooperation with the Commission on Combating Corruption of Azerbaijan